

ALLIANCE FINANCIAL GROUP BERHAD

(formerly known as Malaysian Plantations Berhad)

(Company Number : 6627-X)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2007

(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		31.12.2007	31.12.2006	31.12.2007	31.12.2006
		RM'000	RM'000	RM'000	RM'000
Operating Revenue		403,930	376,597	1,170,583	1,085,551
Interest income	C1	308,513	286,705	912,365	842,983
Interest expense	C2	(141,643)	(142,455)	(435,890)	(425,037)
Net interest income		166,870	144,250	476,475	417,946
Net income from Islamic banking business	C19b	37,358	35,971	83,613	89,821
		204,228	180,221	560,088	507,767
Other operating income	C3	64,681	54,330	184,753	162,517
Net income		268,909	234,551	744,841	670,284
Other operating expenses	C4	(133,503)	(125,740)	(335,490)	(370,708)
Operating profit		135,406	108,811	409,351	299,576
Write-back/(Allowance) for losses on loans, advances and financing	C5	18,074	(38,258)	69,421	(215,024)
Impairment (loss)/write-back		(15,138)	417	(85,062)	10
Profit before taxation		138,342	70,970	393,710	84,562
Taxation and zakat	B5	(36,322)	(18,654)	(94,119)	(32,401)
Profit for the period		102,020	52,316	299,591	52,161
Attributable to:-					
Equity holders of the Company		102,075	52,412	299,450	52,046
Minority interests		(55)	(96)	141	115
Profit for the period		102,020	52,316	299,591	52,161
Earnings per share (sen):-					
- Basic	B15	6.59	4.48	20.22	4.45
- Diluted	B15	-	3.85	-	3.86

(The Condensed Consolidated Income Statements should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2007)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED CONSOLIDATED BALANCE SHEET

		UNAUDITED AS AT 31.12.2007	AUDITED AS AT 31.3.2007
	Note	RM'000	RM'000
<u>ASSETS</u>			
Cash and short-term funds		5,951,960	4,159,880
Deposits and placements with financial institutions		216,556	2,419,434
Securities held-for-trading	C6	54,572	14,978
Securities available-for-sale	C7	2,602,879	2,052,983
Securities held-to-maturity	C8	953,453	2,430,081
Loans, advances and financing	C9	14,951,959	13,433,594
Balances due from clients and brokers	C10	166,300	389,159
Land held for property development		28,922	28,922
Other assets	C11	233,088	250,309
Tax recoverable		44,418	38,380
Statutory deposits with Bank Negara Malaysia		617,156	581,955
Leasehold lands		12,290	10,951
Property, plant and equipment		147,983	128,578
Intangible assets		326,744	330,840
Deferred tax assets		157,583	120,303
TOTAL ASSETS		26,465,863	26,390,347
<u>LIABILITIES AND EQUITY</u>			
Deposits from customers	C12	20,648,234	19,111,063
Deposits and placements of banks and other financial institutions	C13	419,090	482,358
Obligations on securities sold under repurchase agreements		-	2,010,098
Recourse obligations on loans sold to Cagamas		264,149	313,578
Bills and acceptances payable		565,131	481,271
Balances due to clients and brokers	C14	177,037	369,498
Other liabilities	C15	1,098,516	865,939
Subordinated bonds		600,000	600,000
Short term borrowings		-	200,000
Provision for taxation		80,037	1,191
Deferred tax liabilities		7,638	7,818
TOTAL LIABILITIES		23,859,832	24,442,814
Share capital		1,548,106	1,217,670
Reserves		1,052,973	725,052
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS		2,601,079	1,942,722
Minority interests of the Company		4,952	4,811
TOTAL EQUITY		2,606,031	1,947,533
TOTAL LIABILITIES AND EQUITY		26,465,863	26,390,347
COMMITMENTS AND CONTINGENCIES	B10	11,302,362	7,973,462
Net assets per share attributable to ordinary equity holders of the Company (RM)*		1.68	1.60

* The net assets per share attributable to ordinary equity holders of the Company (RM) is computed as total equity (excluding minority interests) divided by total number of ordinary shares in circulation.

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2007)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2007

	-----> Attributable to Equity Holders of the Company <-----<									
	<-----< Non-distributable ----->					<Distributable>				
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Employees' Share Scheme Reserve RM'000	Retained Profit/ (Accumulated Losses) RM'000	Total Shareholders' Equity RM'000	Minority Interest RM'000	Total Equity RM'000
31 DECEMBER 2007										
At 1 April 2007	1,217,670	491,238	268,125	7,013	12,905	-	(54,229)	1,942,722	4,811	1,947,533
Net profit for the period	-	-	-	-	-	-	299,450	299,450	141	299,591
Exercise of warrants	330,436	69,392	-	-	-	-	-	399,828	-	399,828
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(21,507)	-	-	(21,507)	-	(21,507)
Share-based payment under ESS	-	-	-	-	-	363	-	363	-	363
Dividends paid	-	-	-	-	-	-	(19,777)	(19,777)	-	(19,777)
Transfer to statutory reserve	-	-	49,741	-	-	-	(49,741)	-	-	-
At 31 December 2007	1,548,106	560,630	317,866	7,013	(8,602)	363	175,703	2,601,079	4,952	2,606,031
31 DECEMBER 2006										
At 1 April 2006	1,167,978	480,803	238,107	7,013	12,959	-	(131,469)	1,775,391	5,026	1,780,417
Net profit for the period	-	-	-	-	-	-	52,046	52,046	115	52,161
Exercise of warrants	2,965	623	-	-	-	-	-	3,588	-	3,588
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	962	-	-	962	-	962
Dividends paid	-	-	-	-	-	-	-	-	(320)	(320)
At 31 December 2006	1,170,943	481,426	238,107	7,013	13,921	-	(79,423)	1,831,987	4,821	1,836,808

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2007)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2007

	Unaudited Nine Months Ended 31.12.2007 RM'000	Unaudited Nine Months Ended 31.12.2006 RM'000
Profit before taxation	393,710	84,562
Adjustment for non-operating and non-cash items	51,241	140,451
Operating profit before changes in working capital	<u>444,951</u>	<u>225,013</u>
Changes in working capital	(1,876,518)	960,682
Taxes and zakat paid	(50,579)	(1,650)
Net cash (used in)/generated from operating activities	<u>(1,482,146)</u>	<u>1,184,045</u>
Net cash generated from investing activities	923,094	507,013
Net cash generated from financing activities	148,254	29,422
Net change in cash and cash equivalents	<u>(410,798)</u>	<u>1,720,480</u>
Cash and cash equivalents at beginning of the period	6,579,314	3,731,743
Cash and cash equivalents at end of the period	<u><u>6,168,516</u></u>	<u><u>5,452,223</u></u>
 Cash and cash equivalents at end of the period comprise the following:		
Cash and short-term funds	5,951,960	3,379,822
Deposits and placements with financial institutions	216,556	2,072,401
	<u><u>6,168,516</u></u>	<u><u>5,452,223</u></u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2007)

**[A] Explanatory Notes Pursuant to Financial Reporting Standard 134 (FRS 134) :
Interim Financial Reporting**

A1. Basis Of Preparation

The unaudited condensed interim financial statements for the 3rd quarter and the nine months ended 31 December 2007 have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) and Appendix 9B of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements. The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 March 2007. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2007.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 March 2007, except for the adoption of the revised FRS 117 Leases and FRS 124 Related Party Disclosures issued by MASB that is effective for the Group's annual reporting date, 31 March 2008. The adoption of the revised FRS 124 will not result in changes in accounting policies of the Group except for the format and extent of disclosures presented in the financial statements. The principal effects of the change in accounting policy resulting from the adoption of the revised FRS 117 are disclosed in Note A14.

The allowance for bad and doubtful debts and financing of the Group are computed based on the requirement of BNM/GP3 which is consistent with the adoption made in the previous audited annual financial statements.

A2. Declaration Of Audit Confirmation

The annual audited report on the financial statements for the financial year ended 31 March 2007 did not contain any qualification.

A3. Seasonal And Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical fluctuation in the 3rd quarter and the nine months ended 31 December 2007.

A4. Nature And Amount Of Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows That Are Unusual Because Of Their Nature, Size Or Incidence

The assets, liabilities, equity, net income and cash flows of the Group in the 3rd quarter and the nine months ended 31 December 2007 were not substantially affected by any item of a material and unusual nature, except for the changes disclosed in Note A5.

A5. Changes In Estimates

During the 3rd quarter and the nine months ended 31 December 2007, the Group strengthened its provisioning policy by adopting a 50% and 100% markdown on NPL property collateral value which is shared with other facilities within the same borrower that have yet to exceed 5 years and 7 years in default respectively. This change in allowance estimates has resulted in an additional specific allowance of RM14.5 million in the current financial period.

ALLIANCE FINANCIAL GROUP BERHAD (formerly known as Malaysian Plantations Berhad) (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2007

A6. Changes In Debt And Equity Securities

There were no issuance nor repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for 3rd quarter and the nine months ended 31 December 2007, other than the following:

- (a) The issued and paid-up share capital of the Company was increased from RM1,217,669,947 as at 31 March 2007 to RM1,548,105,929 arising from the issuance of 330,435,982 new shares of RM1.00 each from the exercise of 330,435,982 warrants 2002/2007 at the exercise price of RM1.21 per share.
- (b) On 18 September 2007, the Company has fully redeemed the Special First Issuance of Commercial Papers of RM200 million upon its maturity.

A7. Dividends Paid

During the financial period ended 31 December 2007, a first interim dividend of 1.75 sen, less 27% taxation in respect of the financial year ending 31 March 2008, on 1,548,105,929 ordinary shares amounting to RM19,777,053 was paid on 20 September 2007.

A8. Segment Information

Segment information on Revenue, Profit Before Tax and Total Assets:

<u>Group</u>	3rd Quarter Ended <- 31 December 2007 ->		Cumulative 9 Months Ended <----- 31 December 2007 ----->		
	Revenue RM'000	Profit Before Tax RM'000	Revenue RM'000	Profit Before Tax RM'000	Total Assets RM'000
Commercial banking	364,852	132,288	1,051,208	388,753	24,085,704
Investment banking	38,483	10,601	115,902	19,834	1,764,151
Others ^{N1}	80,602	72,787	133,491	103,149	87,263
	<u>483,937</u>	<u>215,676</u>	<u>1,300,601</u>	<u>511,736</u>	<u>25,937,118</u>
Inter-segment eliminations/ Consolidation adjustments	(80,007)	(77,334)	(130,018)	(118,026)	-
	<u>403,930</u>	<u>138,342</u>	<u>1,170,583</u>	<u>393,710</u>	<u>25,937,118</u>
Intangible assets	-	-	-	-	326,744
Unallocated corporate assets	-	-	-	-	202,001
	<u>403,930</u>	<u>138,342</u>	<u>1,170,583</u>	<u>393,710</u>	<u>26,465,863</u>
<u>Group</u>	3rd Quarter Ended <- 31 December 2006 ->		Cumulative 9 Months Ended <----- 31 December 2006 ----->		
	Revenue RM'000	Profit Before Tax RM'000	Revenue RM'000	Profit Before Tax RM'000	Total Assets RM'000
Commercial banking	334,008	65,134	972,765	97,827	21,880,399
Investment banking	39,391	12,599	104,441	3,054	1,993,810
Others ^{N1}	6,889	(3,331)	16,337	(9,402)	75,496
	<u>380,288</u>	<u>74,402</u>	<u>1,093,543</u>	<u>91,479</u>	<u>23,949,705</u>
Inter-segment eliminations/ Consolidation adjustments	(3,691)	(3,432)	(7,992)	(6,917)	-
	<u>376,597</u>	<u>70,970</u>	<u>1,085,551</u>	<u>84,562</u>	<u>23,949,705</u>
Intangible assets	-	-	-	-	336,556
Unallocated corporate assets	-	-	-	-	158,611
	<u>376,597</u>	<u>70,970</u>	<u>1,085,551</u>	<u>84,562</u>	<u>24,444,872</u>

^{N1} Others comprises investment holding, unit trust, asset management and non-banking business.

A9. Valuation Of Properties, Plant And Equipment

Properties, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

A10. Material Events During The Financial Period Ended 31 December 2007

(a) Rationalisation of the unit trust management business of Alliance Unit Trust Management Berhad ("AUTM") and the asset management business of Alliance Capital Asset Management Sdn. Bhd. ("ACAM")

Pursuant to a Vesting Order granted by the High Court of Malaya at Kuala Lumpur on 28 March 2007 and as part of the rationalisation exercise of the Group, the asset management business of ACAM, a 70% subsidiary of Alliance Investment Bank Berhad, was vested to AUTM, a 70% subsidiary of Alliance Bank Malaysia Berhad, on 2 April 2007.

On 4 April 2007, AUTM changed its name to Alliance Investment Management Berhad and on 7 June 2007, ACAM was placed under Members' Voluntary Winding Up pursuant to Section 254 of the Companies Act, 1965.

(b) Expiry of Warrants

The 2002/2007 Warrants of the Company had expired on 8 June 2007. There were 2,013,228 warrants not exercised by the expiry date and have accordingly lapsed. The 2002/2007 Warrants was removed from the Official List of Bursa Malaysia Securities Berhad on 11 June 2007.

(c) Change of Name

The Company changed its name to Alliance Financial Group Berhad with effect from 31 August 2007.

(d) Redemption of Commercial Papers

On 18 September 2007, the Company had fully redeemed the Special First Issuance of Commercial Papers of RM200 million upon its maturity.

A11. Material Events Subsequent To The Balance Sheet Date

The Proposed Reduction of the Share Premium Account of the Company as approved by the shareholders at the Extraordinary General Meeting of the Company held on 28 August 2007 became effective on 9 January 2008 upon the lodgement of the sealed copy of the Court Order with the Companies Commission of Malaysia.

Accordingly, the Share Premium Account of the Company has been reduced from RM491.238 million to RM234.897 million and the credit arising thereof has been set off against the entire audited accumulated losses of the Company of RM256.341 million as at 31 March 2007.

A12. Changes In The Composition Of The Group

- (a) Alliance Bank Malaysia Berhad ("Alliance Bank"), a wholly-owned subsidiary of the Company has on 13 June 2007, incorporated a new subsidiary known as Alliance Islamic Bank Berhad to undertake the Islamic banking business of the Group.
- (b) Cosmoplex Sdn Bhd, a wholly-owned subsidiary of the Company, had been dissolved pursuant to Section 272(5) of the Companies Act, 1965 with effect from 2 June 2007.

A13. Changes In Contingent Liabilities Since The Last Annual Balance Sheet Date

Please refer to Note B10.

A14. Change In Accounting Policies

During the financial period ended 31 December 2007, the Group has adopted the revised FRS 117 issued by MASB that are applicable for the financial year ending 31 March 2008, which resulted in a change of accounting policy during the financial period.

FRS 117: Leases

Prior to 1 April 2007, lease of land and buildings held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 Leases in the financial year ending 31 March 2008 resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Under the revised FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and building elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease. The upfront payment represents prepaid land lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 April 2007, the unamortised carrying amount of prepaid land lease payment is classified as leasehold lands. The reclassification of leasehold lands has been accounted for retrospectively. Certain comparatives of the balance sheets of the Group as at 31 March 2007 have been restated as set out in Note C17.

[B] Explanatory Notes Pursuant To Appendix 9B of Bursa Securities' Listing Requirements

B1. Review of Performance

For the current quarter under review, the Group registered a profit before taxation of RM138.3 million compared to RM71.0 million in the corresponding quarter last year. The improvement was mainly due to higher net income and recoveries.

The Group registered a profit before taxation of RM393.7 million for the 9 months ended 31 December 2007, an increase of RM309.1 million compared to the corresponding period last year. The improvements were primarily due to higher operating profit contributed by higher net income, lower other operating expenses and better recoveries.

The Group's net income grew by 11.1% to RM744.8 million compared to the corresponding period last year. The growth in the Group's net income was attributed to improved interest income mainly from loans growth in Consumer and Commercial/SME banking and higher operating income.

Other operating expenses at RM335.5 million was 9.5% or RM35.2 million lower than the corresponding period last year. This is mainly due to reversal of certain provision for expenses, particularly marketing expenses and personnel related expenses with the introduction of the Employees' Share Scheme.

Asset quality continued to improve with net non-performing loans (NPLs) ratio declining from 4.4% as at 30 September 2007 to 3.7% as at 31 December 2007 (31 March 2007: 5.5%). Gross NPLs provisioning coverage further improved to 77% compared to 72% as at 30 September 2007 (31 March 2007: 67%).

The Group's gross loans and advances increased by 9.8% to RM15.9 billion compared to 31 March 2007. Consumer and Commercial loans registered 16.6% and 14.3% respectively during the 9 months. The Group's risk-weighted capital ratio remained strong at 16.4%.

B2. Comparisons with Preceding Quarter's Results

The Group recorded a profit before taxation of RM138.3 million for the 3rd quarter ended 31 December 2007, an increase of RM14.5 million compared to RM123.8 million for the preceding quarter ended 30 September 2007.

B3. Current Year Prospects

The Malaysian economy had performed well in 2007 and continues to maintain a steady momentum. Despite the rising uncertainty over global growth due to developments in the financial markets, the country has a high degree of resilience to deal with slower growth in the external environment.

The Group will continue to focus on its growth strategy and expanding its market share in Malaysia. Barring any unforeseen circumstances, the Group expects to record very satisfactory performance for the financial year ending 31 March 2008.

B4. Profit Forecast

There was no profit forecast issued by the Group.

B5. Taxation and zakat

GROUP	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
- Income tax	44,739	16,676	144,620	17,986
- Deferred tax	(5,747)	2,690	(31,768)	13,637
	38,992	19,366	112,852	31,623
- Over-payment of income tax expense in prior years	-	-	(16,063)	-
- (Over)/under provision of income tax in prior years	-	(742)	-	748
- Over provision of deferred tax in prior year	(2,700)	-	(2,700)	-
Taxation	36,292	18,624	94,089	32,371
Zakat	30	30	30	30
	36,322	18,654	94,119	32,401

The Group's effective tax rate for the nine months ended 31 December 2007 was lower than statutory tax rate mainly due to tax credit recognised in current period as a result of over-payment in previous years.

B6. Profit/(Loss) On Sale Of Unquoted Investment Or Properties

There was no material profit/(loss) on sale of unquoted investment or properties for the 3rd quarter and the nine months ended 31 December 2007 other than in the ordinary course of business.

B7. Purchase And Disposal Of Quoted Securities

There was no purchase or disposal of quoted securities for the 3rd quarter and nine months ended 31 December 2007 other than investments held by the Group whose activities are regulated by law relating to banking companies and are subject to supervision by Bank Negara Malaysia.

B8. Status Of Corporate Proposals

(a) Employees' Share Scheme ("ESS")

The ESS which was approved by the shareholders at the Extraordinary General Meeting of the Company held on 28 August 2007, took effect on 3 December 2007.

On 12 December 2007, the Company had granted the following Scheme Shares to eligible executives of the Company and its subsidiaries pursuant to the ESS:-

- (i) 2,007,300 shares under the Share Grant Plan.
- (ii) 8,738,200 shares under the Share Option Plan at an option price of RM3.07 per share which will be vested subject to certain conditions being met.

The Company operates an equity-settled, share-based compensation plan pursuant to the ESS. Under the FRS 2, the compensation expense relating to the share scheme is recognized in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

(b) Proposed Reduction of the Share Premium Account of the Company ("Share Premium Reduction")

The shareholders had on 28 August 2007 approved the proposal to set off the entire audited accumulated losses of the Company (at Company level) as at 31 March 2007 amounting to RM256.341 million against the audited Share Premium Account which stood at RM491.238 million as at 31 March 2007.

The High Court of Malaya at Kuala Lumpur had on 11 December 2007 granted the Company's petition for an Order for the Share Premium Reduction and it became effective on 9 January 2008 upon lodgement of the sealed copy of the Court Order with the Companies Commission of Malaysia.

B9. Group Borrowings, Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Debts Securities

	GROUP	
	31.12.2007	31.3.2007
	RM'000	RM'000
(a) Deposit From Customers		
Fixed/investment deposits, negotiable instruments of deposits and money market deposits		
- One year or less (short term)	12,834,174	12,083,912
- More than one year (medium/long term)	561,268	769,507
	<u>13,395,442</u>	<u>12,853,419</u>
Others	7,252,792	6,257,644
	<u><u>20,648,234</u></u>	<u><u>19,111,063</u></u>
(b) Deposit And Placements Of Banks And Other Financial Institutions		
- One year or less (short term)	75,389	239,707
- More than one year (medium/long term)	343,701	242,651
	<u>419,090</u>	<u>482,358</u>
(c) Short Term Borrowings		
Secured and one year less (short term)		
Commercial Papers (1 year commercial papers 2006/2007 with all in interest rate of 4.58% p.a. matured on 18 September 2007)	-	200,000
	<u>-</u>	<u>200,000</u>
(d) Subordinated Bonds		
Unsecured and more than one year (medium/long term)		
(6.09% Tier II Subordinated bonds 2006/2016)	600,000	600,000
	<u>600,000</u>	<u>600,000</u>

B10. Commitments And Contingencies

In the normal course of business, the Group made various commitments and incurred certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Risk-weighted exposure of the Group as at:

	<----- 31.12.2007 ----->			<----- 31.3.2007 ----->		
	Principal Amount	Credit Equivalent Amount*	Risk- Weighted Amount	Principal Amount	Credit Equivalent Amount*	Risk- Weighted Amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	360,537	360,537	319,081	346,911	346,911	302,322
Transaction-related contingent items	683,256	341,627	332,710	732,621	366,311	345,469
Short-term self-liquidating trade-related contingencies	105,669	21,134	21,075	137,397	27,479	27,469
Irrevocable commitments to extend credit:-						
- maturity exceeding one year	564,331	282,166	282,166	396,208	198,104	198,104
- maturity not exceeding one year	7,022,435	-	-	5,536,659	-	-
Foreign exchange related contracts less than one year	2,451,486	108,233	22,651	585,023	18,458	4,363
Underwriting liabilities	9,125	4,563	4,563	27,000	13,500	13,500
Other commitments and contingencies	105,523	-	-	211,643	-	-
Total	11,302,362	1,118,260	982,246	7,973,462	970,763	891,227

* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia's guidelines.

B11. Financial Instruments With Off-Balance Sheet Risk

Details of financial instruments with off-balance sheet risk as at 31 December 2007:

Value of contracts classified by remaining period to maturity or next repricing date (whichever is earlier).

Alliance Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	>5 years RM'000	Margin requirements RM'000
Foreign exchange related contracts								
- forward	126,034	29,781	42,592	53,661	-	-	-	-
- swaps	2,325,452	413,033	1,142,619	736,460	33,340	-	-	-
Interest rate related contracts								
- forward	-	-	-	-	-	-	-	-
- futures	-	-	-	-	-	-	-	-
- swaps	-	-	-	-	-	-	-	-
Total	2,451,486	442,814	1,185,211	790,121	33,340	-	-	-

Foreign exchange, interest rate and equity and commodity related contracts are subject to market risk and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2007, the amount of contracts which were not hedged and hence, exposed to market risk was RM681,000 (31 March 2007: RM742,000).

Credit risk

Credit risk arise from the possibility that a counterparty may be unable to meet the terms of a contract in which the Alliance Bank has a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices. As at 31 December 2007, the amounts of credit risk, measured in terms of cost to replace the profitable contracts was RM32,794,210 (31 March 2007: RM7,176,000).

Related accounting policies

Alliance Bank acts as an intermediary with counterparties who wish to swap their interest obligations. Alliance Bank also uses interest rate swaps, futures, forward and option contracts in its trading account activities and its overall interest rate risk management.

Interest income and interest expenses associated with interest rate swaps that qualify as hedges are recognised over the life of the swap agreement as a component of interest income or interest expenses. Gains and losses on interest rate futures, forward and option contracts that qualify as hedged assets or liabilities are generally deferred and amortised over the life of the hedged assets or liabilities as adjustments to interest income or interest expenses.

Gains and losses on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current period using the mark-to-market method, and are included in the net result from dealing securities.

Unmatured forward exchange contracts are valued at forward rates as at balance sheet date, applicable to their respective dates of maturity, and unrealised losses and gains are recognised in the income statement in the period in which they arises.

B12. Material Litigation

As at the date of this report, there was no pending material litigation in the ordinary course of business which would materially and adversely affect the financial position of the Group.

B13. Proposed Dividends

- (a) A second interim dividend of 4.5 sen per share has been declared by the directors;
- (b) Amount per share: The dividend of 4.5 sen per share comprising of 4.15 sen dividend less 26% tax and 0.35 sen single-tier exempt dividend;
- (c) Previous corresponding period: Nil;
- (d) Payment date: 26 March 2008;
- (e) In respect of deposited securities, entitlement to the interim dividend will be determined on the basis of the record of depositors as at 12 March 2008; and
- (f) The total dividend paid/declared for the financial year ending 31 March 2008 is 6.25 sen per share comprising of 1.75 sen dividend less 27% tax, 4.15 sen dividend less 26% tax and 0.35 sen single-tier exempt dividend.

B14. Related Party Transactions

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

B15. Earnings Per Share (EPS)

Basic

The calculation of the basic earnings per share is based on the net profit attributable to the equity holders of the Company for the 3rd quarter and the nine months ended 31 December 2007 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 3rd quarter and the nine months ended 31 December 2007.

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Net profit attributable to equity holders of the Company (RM'000)	<u>102,075</u>	<u>52,412</u>	<u>299,450</u>	<u>52,046</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,548,106</u>	<u>1,170,897</u>	<u>1,481,325</u>	<u>1,170,004</u>
Basic earnings per share (sen)	<u>6.59</u>	<u>4.48</u>	<u>20.22</u>	<u>4.45</u>

Diluted

The calculation of the diluted earnings per share is based on the net profit attributable to the equity holders of the Company for the 3rd quarter and the nine months ended 31 December 2006 divided by the adjusted weighted average number of ordinary shares of RM1.00 each in issue and taken into account the assumed exercise of the outstanding Warrants 2002/2007 for the 3rd quarter and the nine months ended 31 December 2006.

Diluted earnings per share is not applicable in the 3rd quarter and the nine months ended 31 December 2007, as the 2002/2007 Warrants of the Company had expired on 8 June 2007.

	3rd Quarter Ended	9 Months Ended
	31.12.2006	31.12.2006
Net profit attributable to equity holders of the Company (RM'000)	<u>52,412</u>	<u>52,046</u>
Weighted average number of ordinary shares in issue ('000)	1,170,897	1,170,004
Effect of exercise of warrants ('000)	<u>188,802</u>	<u>177,060</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,359,699</u>	<u>1,347,064</u>
Diluted earnings per share (sen)	<u>3.85</u>	<u>3.86</u>

C. Explanatory Notes Pursuant To Appendix C of Revised BNM/GP8

C1. Interest Income

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than recoveries from NPLs	195,693	184,627	573,166	557,529
- Recoveries from NPLs	26,313	28,143	72,798	86,823
	222,006	212,770	645,964	644,352
Money at call and deposit placements				
with financial institutions	41,641	36,784	143,812	102,060
Securities held-for-trading	38	20	166	263
Securities available-for-sale	22,850	12,504	68,937	30,012
Securities held-to-maturity	7,066	14,939	23,076	45,871
Others	411	2,111	1,401	2,509
	294,012	279,128	883,356	825,067
Accretion of discount less amortisation of premium	19,236	15,271	45,062	50,012
Interest/income suspended	(4,735)	(7,694)	(16,053)	(32,096)
	308,513	286,705	912,365	842,983

C2. Interest Expense

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	2,063	1,831	4,486	12,086
Deposits from customers	125,145	109,670	367,466	315,150
Loans sold to Cagamas	2,064	2,708	6,529	9,025
Subordinated bonds	9,210	9,210	27,530	31,225
Short/Long term borrowings	-	2,275	4,268	7,621
Others	3,161	16,761	25,611	49,930
	141,643	142,455	435,890	425,037

C3. Other Operating Income

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	6,087	6,533	19,811	22,396
Service charges and fees	6,067	12,352	18,151	25,774
Portfolio management	1,903	2,115	5,462	6,441
Corporate advisory fees	1,129	1,225	4,032	5,019
Underwriting commissions	971	233	3,078	510
Brokerage fees	8,713	7,327	37,573	19,264
Guarantee fees	2,167	3,950	6,607	9,185
Processing fees	4,992	2,499	11,380	6,557
Commitment fees	3,443	3,321	10,126	9,928
Other fee income	5,960	4,536	17,081	11,237
	41,432	44,091	133,301	116,311
(b) <u>Investment income:</u>				
<u>Gain/(loss) arising from sale</u>				
<u>of securities:</u>				
Net gain/(loss) from sale of securities				
- held-for-trading	616	130	1,614	2,166
- held-to-maturity	7,064	-	7,901	1,164
- available-for-sale	(1,660)	2,066	3,596	11,774
Unrealised (loss)/gain on revaluation of securities held-for-trading	(15)	(706)	8	(2,864)
Gain from investment in Staple Bonds	-	864	-	1,754
<u>Gross dividend income from:</u>				
Securities held-to-maturity	504	301	3,691	2,292
	6,509	2,655	16,810	16,286
(c) <u>Other income/(expense):</u>				
Foreign exchange profit/(loss)				
- realised	396	9,547	37,386	24,662
- unrealised	10,501	(1,924)	(10,816)	(2,828)
Rental income	34	(37)	230	206
Gain on disposal of property, plant and equipment	110	152	652	2,139
Gain on disposal of foreclosed properties	-	-	1,370	266
Others income/(expense)	5,699	(154)	5,820	5,475
	16,740	7,584	34,642	29,920
Total other operating income	64,681	54,330	184,753	162,517

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C4. Other Operating Expenses

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs:</u>				
Salaries, allowances and bonuses	65,137	60,931	154,602	172,832
Pension costs	11,015	8,941	27,250	24,123
Others	6,135	11,098	20,045	25,215
	82,287	80,970	201,897	222,170
<u>Establishment costs:</u>				
Depreciation	7,853	5,844	27,425	14,340
Amortisation of computer software	3,717	1,772	11,155	10,751
Rental	6,322	6,348	19,242	19,732
Water and electricity	1,553	1,705	4,758	4,547
Repairs & maintenance	1,965	1,795	4,785	6,843
EDP expenses	7,346	6,092	15,813	20,785
Others	3,360	3,096	10,011	7,826
	32,116	26,652	93,189	84,824
<u>Marketing expenses:</u>				
Promotion and advertisement	3,439	4,671	(1,205)	22,434
Branding and publicity	1,649	1,348	351	4,468
Others	1,395	1,433	4,604	4,606
	6,483	7,452	3,750	31,508
<u>Administration and general expenses:</u>				
Communication expenses	3,673	2,748	10,054	9,104
Printing and stationeries	1,229	1,244	4,121	4,158
Insurance	802	894	1,959	2,801
Professional fees	3,182	2,460	8,568	7,221
Others	3,731	3,320	11,952	8,922
	12,617	10,666	36,654	32,206
Total other operating expenses	133,503	125,740	335,490	370,708

C5. (Write-back)/Allowance for Losses on Loans, Advances and Financing

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
(Write-back)/Allowance for bad and doubtful debts and financing				
(a) Specific allowance				
- Made during the period	59,712	116,093	252,063	408,515
- Written back during the period	(64,128)	(68,482)	(250,134)	(155,791)
(b) General allowance				
- Made during the period	17,144	9,790	52,127	24,011
- Written back during the period	(6,947)	(6,517)	(19,644)	(28,036)
Bad debts on loans and financing				
- Recovered	(24,622)	(18,323)	(111,561)	(49,018)
- Written off	1,108	3,076	4,070	10,122
	(17,733)	35,637	(73,079)	209,803
Allowance on commitments and contingencies	-	-	-	2,149
(Write-back)/Allowance on other receivables	(341)	2,621	3,658	3,072
	(18,074)	38,258	(69,421)	215,024

C6. Securities Held-for-trading

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
At fair value		
<u>Money Market Instruments:</u>		
Malaysian Government securities	9,962	-
Bank Negara Malaysia bills	17,515	-
Commercial paper	10,981	-
 <u>Quoted Securities:</u>		
Shares in Malaysia	4,200	5,744
Debt securities	11,914	9,234
 Total securities held-for-trading	54,572	14,978

C7. Securities Available-for-sale

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
At fair value		
<u>Money Market Instruments:</u>		
Malaysian Government securities	75,400	285,274
Malaysian Government investment certificates	276,028	145,710
Cagamas bonds	5,015	125,727
Negotiable instruments of deposits	724,930	499,902
Commercial paper	35,811	45,568
Bankers acceptances	872,478	228,099
 <u>Quoted Securities:</u>		
Shares in Malaysia	-	3,205
Debt securities	10,949	-
 <u>Unquoted Securities:</u>		
Shares	1,113	1,121
Debt securities	601,155	718,377
 Total securities available-for-sale	2,602,879	2,052,983

C8. Securities Held-to-maturity

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
At amortised cost		
<u>Money Market Instruments:</u>		
Malaysian Government securities	109,464	165,370
Malaysian Government investment certificates	142,114	188,989
Bank Negara Malaysia bills	-	49,747
Cagamas bonds	94,944	174,928
Negotiable instruments of deposits	-	440,000
Khazanah bonds	276,344	269,034
Bankers acceptances	-	705,050
 <u>Quoted Securities:</u>		
Debt securities	4,932	25,587
 <u>Unquoted securities:</u>		
Shares	22,021	21,496
Debt securities	457,166	521,941
	1,106,985	2,562,142
Accumulated impairment losses	(153,532)	(132,061)
 Total securities held-to-maturity	953,453	2,430,081

C9. Loans, Advances and Financing

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
Overdrafts	1,791,745	2,061,174
Term loans/financing		
- Housing loans/financing	5,315,060	4,522,181
- Syndicated term loan/financing	293,791	291,141
- Hire purchase receivables	1,455,174	1,542,585
- Lease receivables	7,104	24,104
- Other term loans/financing	4,541,103	3,998,350
Bills receivables	95,133	155,711
Trust receipts	131,270	102,119
Claims on customers under acceptance credit	1,477,393	1,150,641
Staff loans [includes RM419,000 loan to Executive Director from a banking subsidiary (31.03.07: RM498,000)]	113,101	109,088
Credit/charge card receivables	535,367	399,447
Revolving credits	665,178	660,143
Other loans	401,556	255,111
	16,822,975	15,271,795
Unearned interest and income	(906,997)	(779,134)
Gross loans, advances and financing	15,915,978	14,492,661
Allowance for bad and doubtful debts and financing:		
- Specific	(685,954)	(813,485)
- General	(278,065)	(245,582)
Net loans, advances and financing	14,951,959	13,433,594

(a) By type of customer:

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
Domestic non-bank financial institutions		
- Stockbroking companies	21	11,233
- Others	176,218	111,658
Domestic business enterprises		
- Small and medium enterprises	4,055,942	3,954,960
- Others	3,084,847	3,136,152
Government and statutory bodies	18,114	18,457
Individuals	8,435,766	7,191,151
Other domestic entities	6,326	7,200
Foreign entities	138,744	61,850
Gross loans, advances and financing	15,915,978	14,492,661

C9. Loans, Advances and Financing (cont'd)

(b) By interest/profit rate sensitivity:

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	162,078	159,172
- Hire purchase receivables	1,278,131	1,347,758
- Other fixed rate loans/financing	1,500,558	1,242,306
Variable rate		
- Base lending rate plus	10,171,534	9,235,174
- Cost plus	2,593,145	2,270,889
- Other variable rates	210,532	237,362
Gross loans, advances and financing	15,915,978	14,492,661

(c) By economic purpose:

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
Purchase of securities	454,697	344,089
Purchase of transport vehicles	1,359,173	1,435,005
Purchase of landed property	6,949,482	5,998,690
of which: - Residential	5,250,426	4,510,848
- Non-residential	1,699,056	1,487,842
Purchase of fixed assets excl. land & building	25,382	26,426
Personal use	994,371	736,871
Credit card	535,367	399,469
Purchase of durable goods	183	186
Construction	261,256	339,725
Working capital	4,886,464	4,715,359
Others	449,603	496,841
Gross loans, advances and financing	15,915,978	14,492,661

C9. Loans, Advances and Financing (cont'd)

(d) Non-performing loans/financing ("NPLs/NPF")

Movements in NPLs, advances and financing are as follows:

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
At beginning of period/year	1,568,510	2,140,326
Non-performing during the period/year	612,746	1,527,519
Reclassified as performing	(509,263)	(1,115,054)
Loans/financing converted to securities	(11,726)	(1,464)
Recoveries	(290,038)	(551,222)
Amount written off	(117,734)	(431,595)
At end of period/year	1,252,495	1,568,510
Specific allowance	(685,954)	(813,485)
Net NPLs, advances and financing	566,541	755,025
Net NPL as a % of gross loans, advances and financing less specific allowance	3.7%	5.5%

(e) Movements in the allowance for bad and doubtful debts and financing are as follows:

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
General Allowance		
At beginning of period/year	245,582	207,102
Allowance made during the period/year	52,127	75,959
Amount written back	(19,644)	(37,479)
At end of period/year	278,065	245,582
As % of gross loans, advances and financing less specific allowance	1.8%	1.8%

C9. Loans, Advances and Financing (cont'd)

(e) Movements in the allowance for bad and doubtful debts and financing are as follows: (cont'd)

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
Specific Allowance		
At beginning of period/year	813,485	834,799
Allowance made during the period/year	252,063	641,980
Amount written back in respect of recoveries	(250,134)	(230,235)
Loan/financing converted to securities	(11,726)	(1,464)
Amount written off	(117,734)	(431,595)
	<u>685,954</u>	<u>813,485</u>
At end of period/year	<u>685,954</u>	<u>813,485</u>

(f) NPLs/NPF by economic purpose:

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
Purchase of securities	71,207	72,905
Purchase of transport vehicles	40,618	101,294
Purchase of landed property	586,960	683,989
of which: - Residential	382,478	418,691
- Non-residential	204,482	265,298
Purchase of fixed assets excl. land & building	768	1,498
Personal use	44,284	47,636
Credit card	10,474	8,473
Construction	43,660	53,199
Working capital	426,159	571,639
Others	28,365	27,877
	<u>1,252,495</u>	<u>1,568,510</u>
Gross NPLs	<u>1,252,495</u>	<u>1,568,510</u>

C10. Balances Due From Clients And Brokers

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
Due from clients	123,993	176,516
Due from brokers	66,776	234,010
	190,769	410,526
Less:		
Allowance for bad and doubtful debts	(24,469)	(21,367)
	166,300	389,159

These represent amount receivable by Alliance Investment Bank Berhad ("AIB") from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Central Depository System has yet to be made, and amount receivable from provision of corporate financial services.

AIB's normal trade credit terms for non-margin clients is 3 market days in accordance with Bursa Malaysia Securities Berhad Fixed Delivery and Settlement System ("FDSS") trading rules. The credit terms of other receivables of AIB are assessed and approved on a case-by-case basis.

Included in the balances due from clients and brokers are non-performing accounts as follows:

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
Classified as doubtful	986	3,991
Classified as bad	25,075	24,580
	26,061	28,571

The movements in allowance for bad and doubtful debts are as follows:

At beginning of period/year	21,367	19,220
Allowance made during the period/year	3,435	4,932
Reversal of allowance	(333)	(2,785)
At end of period/year	24,469	21,367

C11. Other Assets

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
Trade receivables	38	230
Interest/income receivables	27,219	47,119
Other receivables, deposits and prepayments	208,296	205,120
Manager's stocks	4,606	1,258
Foreclosed properties	7,339	12,966
	<u>247,498</u>	<u>266,693</u>
Allowance for bad and doubtful debts	(14,410)	(16,384)
	<u><u>233,088</u></u>	<u><u>250,309</u></u>

C12. Deposits From Customers

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
<u>By type of deposits:</u>		
Demand deposits	5,639,941	4,736,729
Savings deposits	1,612,851	1,520,915
Fixed/investment deposits	12,338,268	12,835,219
Money market deposits	1,057,174	-
Negotiable instruments of deposits	-	18,200
	<u>20,648,234</u>	<u>19,111,063</u>

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
<u>By type of customer:</u>		
Government and statutory bodies	869,113	978,380
Business enterprises	7,219,335	6,670,598
Individuals	11,785,171	10,630,492
Others	774,615	831,593
	<u>20,648,234</u>	<u>19,111,063</u>

C13. Deposits and Placements of Banks and Other Financial Institutions

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
Licensed banks	35,630	222,982
Bank Negara Malaysia	383,460	259,376
	<u>419,090</u>	<u>482,358</u>

C14. Balances Due To Clients and Brokers

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
Due to clients	84,447	188,823
Due to brokers	92,590	180,675
	<u>177,037</u>	<u>369,498</u>

These mainly relates to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Central Depository System has yet to be made.

AIB's normal trade credit terms for non-margin client is 3 market day according to Bursa Malaysia Securities Berhad's FDSS trading rules. The credit terms of other payables are assessed and approved on a case-by-case basis.

C15. Other Liabilities

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
Other liabilities	928,900	721,335
Interest/income payable	100,618	101,949
Remiser's accounts	27,628	26,042
Profit equalisation reserve	41,370	16,613
	<u>1,098,516</u>	<u>865,939</u>

C16. Capital Adequacy

The capital adequacy ratios of the Alliance Bank & its subsidiaries are as follows:

	31.12.2007	31.3.2007
	%	%
<u>Before deducting proposed dividends</u>		
Core capital ratio	-	10.89
Risk-weighted capital ratio	-	16.63
<u>After deducting proposed dividends</u>		
Core capital ratio	10.76	10.73
Risk-weighted capital ratio	16.36	16.47

Components of Tier-I and Tier-II capital of the Alliance Bank & its subsidiaries are as follows:-

	31.12.2007	31.3.2007
	RM'000	RM'000
Tier-I Capital		
Paid-up share capital	596,517	596,517
Preference shares	2,000	2,000
Share premium	399,517	399,517
Retained profits	575,015	504,137
Statutory reserves	561,191	511,450
Other reserves	10,035	10,035
Minority interests	5,006	4,810
	<u>2,149,281</u>	<u>2,028,466</u>
Less: Purchased goodwill/goodwill on consolidation	(304,149)	(304,149)
Deferred tax assets	(156,503)	(120,303)
Total Tier-I capital	<u>1,688,629</u>	<u>1,604,014</u>
Tier-II Capital		
Subordinated bonds	600,000	600,000
General allowance for bad and doubtful debts and financing	278,106	245,582
Total Tier-II capital	<u>878,106</u>	<u>845,582</u>
Total Capital	<u>2,566,735</u>	<u>2,449,596</u>
Less: Investment in subsidiaries	-	-
Total Capital Base	<u>2,566,735</u>	<u>2,449,596</u>

Analysis of the Alliance Bank & its subsidiaries risk-weighted assets in the various categories of risk-weighted is as follows:

<u>Group</u>	31.12.2007		31.3.2007	
	Notional RM'000	Risk- Weighted RM'000	Notional RM'000	Risk- Weighted RM'000
0%	5,827,008	-	7,803,143	-
10%	50,326	5,033	153,335	15,334
20%	4,004,088	800,818	3,028,275	605,655
50%	4,818,447	2,409,224	4,026,518	2,013,259
100%	12,354,206	12,354,206	12,026,987	12,026,987
Risk-weighted assets for market risk	-	82,164	-	46,767
Risk-weighted assets for counterparty risk	-	34,722	-	18,437
Risk-weighted assets for large exposure risk	-	592	-	-
Total Risk-Weighted Assets	<u>27,054,075</u>	<u>15,686,759</u>	<u>27,038,258</u>	<u>14,726,439</u>

C17. Comparative Figures

The following comparative figures have been reclassified to conform with the current year's presentation:-

	Group	
	As restated	As previously
	RM'000	reported
		RM'000
<u>Income statement for the third quarter</u>		
<u>ended 31 December 2006</u>		
Operating revenue	376,597	376,887
Other operating income	54,330	54,707
Other operating expenses	(125,740)	(126,117)
	<hr/> <hr/>	<hr/> <hr/>
<u>Income statement for the cumulative nine months</u>		
<u>ended 31 December 2006</u>		
Operating revenue	1,085,551	1,086,540
Other operating income	162,517	163,692
Other operating expenses	(370,708)	(371,883)
	<hr/> <hr/>	<hr/> <hr/>
<u>Balance sheet as at 31 March 2007</u>		
Cash and short-term funds	4,159,880	4,144,057
Deposits and placements with financial institutions	2,419,434	2,435,257
Loans, advances and financing	13,433,594	13,310,628
Balances due from clients and brokers	389,159	521,067
Leasehold lands	10,951	-
Property, plant and equipment	128,578	139,529
Balances due to clients and brokers	369,498	378,440
	<hr/> <hr/>	<hr/> <hr/>

ALLIANCE FINANCIAL GROUP BERHAD (formerly known as Malaysian Plantations Berhad) (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2007

C18. Interest Rate Risk

GROUP As at 31 December 2007	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
ASSETS										
Cash and short-term funds	5,250,102	-	-	-	-	-	701,858	-	5,951,960	3.53
Deposits and placements with financial institutions	-	216,556	-	-	-	-	-	-	216,556	4.53
Securities held-for-trading	-	-	-	-	-	-	-	54,572	54,572	3.39
Securities available-for-sale	1,089,673	490,088	84,312	40,173	624,327	265,995	1,113	7,198	2,602,879	4.16
Securities held-to-maturity	20,314	109,255	172,585	302,821	322,637	5,260	20,581	-	953,453	3.24
Loans, advances and financing	10,481,189	1,117,753	379,779	297,050	1,682,110	705,602	288,476 *	-	14,951,959	7.05
Balances due from clients and brokers	145,207	-	-	-	-	-	21,093	-	166,300	11.00
Other non-interest sensitive balances	-	-	-	-	-	-	1,568,184	-	1,568,184	-
TOTAL ASSETS	16,986,485	1,933,652	636,676	640,044	2,629,074	976,857	2,601,305	61,770	26,465,863	
LIABILITIES										
Deposits from customers	12,761,374	1,934,591	2,060,131	3,330,870	561,268	-	-	-	20,648,234	2.63
Deposits and placements of banks and other financial institutions	37,034	8,343	4,760	25,252	343,701	-	-	-	419,090	1.64
Bills and acceptances payable	190,185	326,644	48,302	-	-	-	-	-	565,131	3.94
Subordinated bonds	-	-	-	-	600,000	-	-	-	600,000	6.09
Recourse obligations on loans sold to Cagamas	-	-	-	171,083	93,066	-	-	-	264,149	3.45
Balances due to clients and brokers	176,517	-	-	-	-	-	520	-	177,037	2.50
Other non-interest sensitive balances	-	-	-	-	-	-	1,186,191	-	1,186,191	-
TOTAL LIABILITIES	13,165,110	2,269,578	2,113,193	3,527,205	1,598,035	-	1,186,711	-	23,859,832	
Equity	-	-	-	-	-	-	2,601,079	-	2,601,079	
Minority interests	-	-	-	-	-	-	4,952	-	4,952	
TOTAL LIABILITIES AND EQUITY	13,165,110	2,269,578	2,113,193	3,527,205	1,598,035	-	3,792,742	-	26,465,863	
On-balance sheet interest sensitivity gap	3,821,375	(335,926)	(1,476,517)	(2,887,161)	1,031,039	976,857	(1,191,437)	61,770	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	3,821,375	(335,926)	(1,476,517)	(2,887,161)	1,031,039	976,857	(1,191,437)	61,770	-	

* Non performing loans, specific allowance and general allowance of the Group are classified under the non interest sensitive column.

ALLIANCE FINANCIAL GROUP BERHAD (formerly known as Malaysian Plantations Berhad) (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2007

C18. **Interest Rate Risk** (cont'd)

GROUP As at 31 March 2007	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
ASSETS										
Cash and short-term funds	3,707,301	-	-	-	-	-	452,579	-	4,159,880	3.57
Deposits and placements with financial institutions	900	2,418,134	-	400	-	-	-	-	2,419,434	3.60
Securities held-for-trading	-	-	-	-	-	-	-	14,978	14,978	3.26
Securities available-for-sale	16,316	562,735	226,979	108,674	935,029	198,923	1,113	3,214	2,052,983	4.40
Securities held-to-maturity	573,233	698,124	80,828	181,087	841,884	34,869	20,056	-	2,430,081	3.55
Loans, advances and financing	8,692,438	1,019,326	468,922	392,464	1,547,551	803,450	509,443 *	-	13,433,594	7.28
Balances due from clients and brokers	371,837	-	-	-	-	-	17,322	-	389,159	11.00
Other non-interest sensitive balances	-	-	-	-	-	-	1,490,238	-	1,490,238	-
TOTAL ASSETS	13,362,025	4,698,319	776,729	682,625	3,324,464	1,037,242	2,490,751	18,192	26,390,347	
LIABILITIES										
Deposits from customers	11,202,055	1,545,867	1,948,138	3,645,496	769,507	-	-	-	19,111,063	2.75
Deposits and placements of banks and other financial institutions	189,343	36,891	2,888	10,585	117,651	125,000	-	-	482,358	2.20
Obligations on securities sold under repurchase agreements	2,010,098	-	-	-	-	-	-	-	2,010,098	3.25
Bills and acceptances payable	148,840	224,248	108,183	-	-	-	-	-	481,271	3.76
Subordinated bonds	-	-	-	-	600,000	-	-	-	600,000	6.09
Recourse obligations on loans sold to Cagamas	-	-	-	18,895	294,683	-	-	-	313,578	3.46
Balances due to clients and brokers	369,205	-	-	-	-	-	293	-	369,498	2.50
Short term borrowing	-	-	-	200,000	-	-	-	-	200,000	4.58
Other non-interest sensitive balances	-	-	-	-	-	-	874,948	-	874,948	-
TOTAL LIABILITIES	13,919,541	1,807,006	2,059,209	3,874,976	1,781,841	125,000	875,241	-	24,442,814	
Equity	-	-	-	-	-	-	1,942,722	-	1,942,722	
Minority interests	-	-	-	-	-	-	4,811	-	4,811	
TOTAL LIABILITIES AND EQUITY	13,919,541	1,807,006	2,059,209	3,874,976	1,781,841	125,000	2,822,774	-	26,390,347	
On-balance sheet interest sensitivity gap	(557,516)	2,891,313	(1,282,480)	(3,192,351)	1,542,623	912,242	(332,023)	18,192	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	(557,516)	2,891,313	(1,282,480)	(3,192,351)	1,542,623	912,242	(332,023)	18,192	-	

* Non performing loans, specific allowance and general allowance of the Group are classified under the non interest sensitive column.

C19. Operations of Islamic Banking

(a) Balance Sheet (Unaudited)

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
ASSETS		
Cash and short-term funds	517,660	401,305
Deposits and placements with financial institutions	-	40,000
Security held-to-maturity	337,092	480,657
Security available-for-sale	106,051	155,795
Financing, advances and other loans	2,030,301	2,085,780
Other assets	141,141	42,544
Statutory deposits with Bank Negara Malaysia	67,859	73,178
Deferred tax assets	23,276	14,105
Property, plant and equipment	311	227
Intangible assets	449	337
	<u>3,224,140</u>	<u>3,293,928</u>
TOTAL ASSETS		
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	1,878,640	1,941,744
Deposits and placements of banks and other financial institutions	35,410	161,505
Obligations on securities sold under repurchase agreements	-	88,722
Bills and acceptances payable	57	71
Other liabilities	219,146	92,038
Provision for taxation	87,473	58,907
	<u>2,220,726</u>	<u>2,342,987</u>
TOTAL LIABILITIES		
Islamic Banking Funds	792,100	792,100
Reserves	211,314	158,841
	<u>3,224,140</u>	<u>3,293,928</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		
COMMITMENTS AND CONTINGENCIES		
	<u>393,347</u>	<u>335,568</u>

C19. Operations of Islamic Banking (cont'd)

(b) Income Statements (Unaudited)

	GROUP			
	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and financial institutions	35,134	33,161	108,082	97,194
(Allowance)/write-back for losses on financing, advances and other loans	(5,603)	(12,567)	4,357	(35,266)
Transfer (to)/from profit equalisation reserve	(299)	2,485	(24,757)	(5,965)
Total attributable income	29,232	23,079	87,682	55,963
Income attributable to the depositors and financial institutions	(13,437)	(15,304)	(43,850)	(45,136)
Income attributable to the reporting institutions	15,795	7,775	43,832	10,827
Income derived from investment of Islamic banking funds	15,960	15,629	44,138	43,728
Total net income	31,755	23,404	87,970	54,555
Other operating expenses	(701)	(796)	(2,497)	(2,281)
Impairment loss	-	-	(11,451)	-
Profit before taxation	31,054	22,608	74,022	52,274
Taxation	(7,880)	(5,235)	(19,914)	(13,898)
Profit after taxation	23,174	17,373	54,108	38,376

Net income from Islamic banking business stated in the income statements is derived from:-

Income derived from investment of depositors' funds and financial institutions	35,134	33,161	108,082	97,194
Transfer (to)/from profit equalisation reserve	(299)	2,485	(24,757)	(5,965)
Income attributable to depositors and financial institutions	(13,437)	(15,304)	(43,850)	(45,136)
Income derived from investment of Islamic Banking funds	15,960	15,629	44,138	43,728
	37,358	35,971	83,613	89,821

C19. Operations of Islamic Banking (cont'd)

(c) Financing, Advances and Other Loans

	Group	
	31.12.2007 RM'000	31.3.2007 RM'000
(i) <u>By type</u>		
Cash line financing	35,851	32,468
Term loans/financing		
- Housing loans/financing	427,629	362,127
- Hire purchase receivables	673,167	824,321
- Lease receivables	6,999	24,000
- Other term loans/financing	1,444,520	1,270,166
Trust receipts	6,158	6,317
Claims on customers under acceptance credits	213,053	120,572
Staff loans	47,920	32,242
Revolving credits	59,049	196,090
	<u>2,914,346</u>	<u>2,868,303</u>
Unearned income	(809,336)	(693,580)
Gross financing, advances and other loans	<u>2,105,010</u>	<u>2,174,723</u>
Allowance for bad and doubtful debts and financing:-		
- Specific	(39,749)	(55,045)
- General	(34,960)	(33,898)
	<u>(74,709)</u>	<u>(88,943)</u>
Total net financing, advances and other loans	<u><u>2,030,301</u></u>	<u><u>2,085,780</u></u>

(ii) Movements in non-performing financing, advances and other loans ("NPF") including income receivables are as follows:-

	Group	
	31.12.2007 RM'000	31.3.2007 RM'000
At beginning of period/year	85,110	59,775
Non-performing during the period/year	58,325	192,347
Reclassified as performing during the period/year	(39,428)	(158,990)
Recoveries	(15,588)	(3,604)
Amount written off	(10,309)	(4,418)
	<u>78,110</u>	<u>85,110</u>
At end of period/year	78,110	85,110
Specific allowance	(39,749)	(55,045)
	<u>(39,749)</u>	<u>(55,045)</u>
Net non-performing financing, advances and other loans	<u><u>38,361</u></u>	<u><u>30,065</u></u>
Net NPLs as a % of gross financing, advances and other loans less specific allowance	<u>1.9%</u>	<u>1.4%</u>

C19. Operations of Islamic Banking (cont'd)

(c) Financing, Advances and Other Loans (cont'd)

(iii) Movements in the allowance for bad and doubtful debts and financing are as follows:-

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
General Allowance		
At beginning of period/year	33,898	30,604
Allowance made during the period/year	6,442	8,934
Amount written back	(5,380)	(5,640)
	<u>34,960</u>	<u>33,898</u>
At end of period/year		
As % of total gross financing, advances and other loans less specific allowance	<u>1.7%</u>	<u>1.6%</u>
Specific Allowance		
At beginning of period/year	55,045	19,014
Allowance made during the period/year	45,901	74,068
Amount written back in respect of recoveries	(50,889)	(33,619)
Amount written off	(10,308)	(4,418)
	<u>39,749</u>	<u>55,045</u>
At end of period/year		

(d) Deposits From Customers

	Group	
	31.12.2007	31.3.2007
	RM'000	RM'000
<u>By type</u>		
<u>Non-Mudharabah Fund</u>		
Demand deposits	687,622	598,909
Savings deposits	223,173	184,708
<u>Mudharabah Fund</u>		
General investment deposits	967,845	1,158,127
	<u>1,878,640</u>	<u>1,941,744</u>

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

18 February 2008